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DAVID S. ROSENZWEIG E-mail: drosen@kwplaw.com

August 8, 2002

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Co

Colonial Gas Company d/b/a KeySpan Energy Delivery New England and NSTAR Gas Company, D.T.E. 02-44

Dear Ms. Cottrell:

I have enclosed the responses of NSTAR Gas Company ("NSTAR") and Colonial Gas Company d/b/a KeySpan Energy Delivery New England ("KeySpan") to DTE 1-1, DTE 1-5, DTE 1-6, DTE 1-7, DTE 1-8, DTE 1-9, DTE 1-10 and DTE 1-11 of the Department of Telecommunications and Energy's First Set of Information Requests in the above-referenced matter. The outstanding information requests, DTE 1-2 through DTE 1-4, will be filed as soon as the responses are complete.

I have also enclosed a Certificate of Service. Thank you for your attention to this matter.

Very truly yours,

David S. Rosenzweig

Enclosures

cc:

Elizabeth Cellucci, Hearing Officer

Paul Afonso, General Counsel

Kevin Brannelly, Rates and Revenues Division

Paul Osborne, Rates and Revenues Division

George Yiankos, Gas Division

Xuan Yu, Rates and Revenues Division

Becky Hanson, Legal Division

Richard Visconti, KeySpan Energy Delivery New England

Letter to Secretary Cottrell August 8, 2002 Page 2

> Christopher Aronson, KeySpan Energy Delivery New England Timothy Cronin, NSTAR Electric & Gas Corporation

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COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

)
Joint Petition of NSTAR Gas Company and Colonial)
Gas Company, d/b/a KeySpan Energy Delivery)
New England, for Approval of a Contract for the)
Purchase of Facilities in the Town of Plymouth)
)

D.T.E. 02-44

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the Department of Telecommunications and Energy, and counsel for all parties, by hand or first class mail, in accordance with the requirements of 220 C.M.R. 1.05 (the Department's rules of Practice and Procedure).

Erika J. Hafner/Esq.

Keegan, Werlin & Pabian, LLP

21 Custom House Street

Boston, MA 02110

(617) 951-1400

Dated: August 8, 2002

Information Request: DTE 1-1

August 8, 2002

Witness: Jeffrey Niro (NSTAR Gas)

<u>Information Request: DTE 1-1</u>

Request:

Please provide a legible map of Plymouth which highlights and distinguishes the sections of Plymouth referred to in this filing, including Buttermilk Bay, the Ponds and Cedarville.

Response:

Please see Attachment DTE-1-1, which depicts the location of the Ponds and Buttermilk Bay. Cedarville is roughly located in the area of the Ponds and beyond, in the southeast corner of Plymouth.

NSTAR ELECTRIC GAS Ponds of Plymouth 12" Steel Gas Main 200' of 8" Plastic Pipe **Connection to Ponds** New Pinchills Take Station Commercial/Industrial Route 3 Exn. 5 Growth Area 25 3 Connection to Buttermilk 5800' of 8" Plastic Pipe Buttermilk Area Attachment DTE 1-1

Information Request: **DTE 1-5**

August 8, 2002

Witness: Stephen Chiara (NSTAR Gas)

Information Request: DTE 1-5

Request:

Of the customers affected by the proposed transfer, during the last twelve (12) months, how many had zero-usage and for which months?

Response

Over the past twelve months, there have been a few instances of zero use by the Plymouth Customers, as follows:

Month	# of Customers
Jul-01	56
Aug-01	63
Sep-01	60
Oct-01	17
Nov-01	12
Dec-01	13
Jan-02	13
Feb-02	. 15
Mar-02	13
Apr-02	13
May-02	13
Jun-02	19

Information Request: DTE 1-6

August 8, 2002

Witness: Dennis Carroll (KeySpan Energy Delivery New England)

Information Request: DTE 1-6

Request:

Of those customers affected by the proposed transfer, are any on Rate R-2? If so, how will R-2 customers be affected by the transfer? Will these customers experience lower bills?

Response

There are currently no Rate R-2 customers.

Information Request: DTE 1-7

August 8, 2002

Witness: Jeffrey Niro (NSTAR Gas)

Information Request: DTE 1-7

Request:

Please refer to the Companies' letter of June 27, which states that in addition to the proposed transfer, KeySpan will temporarily provide tariffed bundled services to NSTAR Gas for sale to approximately 240 customers in the Buttermilk Bay section. Are these 240 customers included in the 1,104 customers, referenced on page 3 of the filing, or are these customers a separate category?

Response

The 240 Buttermilk Bay customers are included in the 1,104 figure representing the total number of Plymouth Customers.

Information Request: DTE 1-8

August 8, 2002

Witness: Dennis Carroll (KeySpan Energy Delivery New England)

Information Request: DTE 1-8

Request:

Please refer to page 2 of the 2002 Agreement. Please provide all supporting documentation and accounts to demonstrate how the purchase price, \$1,928,738.00, was calculated. As part of this response, provide an account-by-account plant balance associated with the assets to be conveyed to NSTAR Gas.

Response

Attached as Attachment DTE 1-8 are various schedules reflecting the plant balances, depreciation and facility categories comprising the purchase price of \$1,928,738.

Keyspan Energy Delivery Net Book Value Calculation as of July 31, 2002

Town of Plymouth

	Gross <u>Plant</u>	cumulated preciation		Net Book <u>Value</u>
<u>2001</u>				
Mains	\$ 882,530	\$ 202,057	\$	680,473
Services	1,174,376	233,600		940,776
Meters	115,702	14,960		100,742
Meter Installations	77,102	8,426		68,676
Construction Jobs in progress - 2001	5,943	- .		5,943
Construction Jobs in progress - 2002	61,977	-		61,977
Services Jobs in progress - 2002	64,084	-		64,084
Meters in progress - 2002	3,604	=	:	3,604
Meter Installations in progress - 2002	2,463	- ,		2,463
Total	\$ 2,387,781	\$ 459,043	\$	1,928,738

Number of Customer Meters @ 6/13/02 per CSS 1,097

Keyspan Energy Delivery 2002 Work in Progress Costs/Estimate

7/31/02

<u>Meters - 381</u>

Meters

Mains - (367) Town of Plymouth

,,			
Work in Progress	Project Status	Main Costs - 2001	Main Costs - 2002
108175	Complete	162	_
147995	Re-opened	396	: <u>-</u>
178473	Re-opened	346	
208540	Asbuilt Complete	-	26,309
214473	Asbuilt Complete	3,441	20,000
218298	Asbuilt Complete	1,599	
221344	Asbuilt Complete	-	2,222
222797	Asbuilt Complete	· •	4,208
244462	Asbuilt Complete	-	6,757
247188	Asbuilt Complete		11,199
249392	Asbuilt Complete		11,282
Total		5,943	61,977
			12,000
er en			
Services - 380	Installed - 2002	Avg Cost	Total Service Costs
Services	42	1,525.82	64,084
	48 services, 6 costed w	ithin main projects	
Mtr Installations - 382	Installed - 2002	Avg Cost	Total Mtr Install Costs
Installations	48	51.31	2,463

Avg Cost

75.08

Total Meter Costs

3,604

Installed - 2002

48

Keyspan Energy Delivery NET BOOK VALUE CALCULATION as of July 31, 2002

Mains - (367) Town of Plymouth

YEAR	BEGINNING OF YEAR	ADDITIONS TO PLANT	ACQUISITION PREMIUM(a)	RETIREMENTS TO PLANI	BALANCE END OF YEAR	DEPR RATE	DEPR EXPENSE	DEPR RESERVE	NET BOOK <u>VALUE</u>
1991	,	240,374			240,374	2.98%	ì	,	240,374
1991	Main in Piymouth th	main in Flymouth that will remain property of (18,796)		Keyspan: 1,850' - 4" PL installed in 1991 221,578	alled in 1991 - 221,578	16,144.30. 2.98%			221,578
1992	221,578	241,091		,	462,669	2.98%	6.603	6.603	456 066
1993*	462,669	996'99		ı	529,635	2.99%	13,834	20,437	509,338
1994	529,635	•		1	529,635	3.06%	16,207	36 644	497,991
1995	529,635	16,975		•	546,610	3.06%	16,207	52,850	493 760
1996	546,610	53,956		,	995'009	3.06%	16,726	69.577	530,989
1997	995'009	179,624		,	780,190	3.06%	18,377	87.954	692,236
1998	780,190	11,296		,	791,486	3.06%	23,874	111,828	679 658
1999 @ 8/31	791,486	21,433			812,919	3.06%	16,146	127,974	684,945
1999 @12/31	812,919	•		,	812,919	3.06%	8,292	136,266	676,653
2000**	812,919	48,110		•	861,029	3.06%	25,611	161,877	699,152
2001	861,029	21,501		1	882,530	3.06%	26,676	188,554	693 976
2002	882,530	1			882,530	1.53%	13,503	202,057	680,473

* Depreciation Methodology changed to individual rates by class rather than one overall rate ** Depreciation Methodology changed to half year convention

²⁰⁰² See "Update" worksheet

Keyspan gy Delivery
NET BOOK VALUE CALCULATION as of July 31, 2002

Services - (380) Town of Plymouth

2.98% 79,241 2.98% 117,233 3.20% 2,536 2,536 166,246 4.71% 5,522 8,057 248,535 4.71% 7,830 15,888 396,865 4.71% 11,706 27,594 544,130 4.71% 18,692 46,286 754,898 4.71% 25,629 71,914 916,487 4.71% 23,704 95,618 970,350 4.71% 47,885 157,892 1,062,991 4.71% 52,690 210,582
2.98% 3.20% 3.20% 4.7.4 4.7.7 4.7.7 7.7 8.7 7.7 8.7 7.7 8.7 8.7 8.7 8.7
2.98% 3.20% 8.20% 8.717.4 8.717.4 8.717.4 8.717.4 8.717.4
3.20% 4.7.4 4.7.4 8.7.7.4 8.7.7.4 8.7.7.4 8.7.7.4 8.7.7.4
% 17.4 % 17.4 % 17.4 % 17.4 % 17.4 % 17.4 % 17.4
% 17.4 % 17.4 % 17.4 % 17.4 % 17.4 % 17.4
%17.4 %17.4 %17.4 %17.4 %17.4 %17.4
%17.4 %17.4 %17.4 %17.4 %17.4
4.7.1% 4.7.1% 4.7.1% 7.7.4 7.7.4
4.71% 4.71% 4.71% 7.74
4.71% 4.71% 4.71%
4.71% 47,885 4.71% 52,690
4.71% 52,690

CWIP Additions 2002 Additions

64,084.52 48 services

^{*} Depreciation Methodology changed to individual rates by class rather than one overall rate ** Depreciation Methodology changed to half year convention

Keyspan Linergy Delivery NET BOOK VALUE CALCULATION as of July 31, 2002

Meters - (381) Town of Plymouth

NET BOOK	VALUE	,	12,498	14,725	18.769	18,779	31,468	46,957	73,447	85,042	88.514	100,108	102 188	100,742
DEPR	RESERVE	,	,	372	827	1.417	2,025	3,033	4,537	6,102	7,017	10,113	13.514	14,960
DEPŘ	EXPENSE	,		372	454	290	809	1,008	1,505	1,565	914	3,097	3.400	1,446
DEPR	RATE	2.98%	2.98%	2.98%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	1.51%
BALANCE END	OF YEAR	•	12,498	15,097	19,596	20,196	33,493	49,990	77,984	91,144	95,531	110,221	115,702	115,702
RETIREMENTS	TO PLANT	ı	3	3	•	•	,	•	•	•	,	,	3	
ACQUISION														
ADDITIONS	TO PLANT	,	12,498	2,599	4,499	009	13,297	16,497	27,994	13,160	4,387	14,690	5,481	
BALANCE BEGINNING	OF YEAR	•		12,498	15,097	19,596	20,196		49,990				110,221	115,702
	YEAK	1991	1992	1993*	1994	1995	1996	1997	1998	1999 @ 8/31	1999 @12/31 **	2000	2001	2002

^{*} Depreciation Methodology changed to individual rates by class rather than one overall rate ** Depreciation Methodology changed to half year convention

1999 Meter additions apportioned based on 84 services installed 1st eight months and 28 services installed 9/99-12/99 Note:

\supset			. 4
Avg Cost 156.67	163.22	75.08	75.08
17,547	14,690	5,481	3,604
1999	2000	2001	2002
			CWIP Additions

Keyspan Lurgy Delivery NET BOOK VALUE CALCULATION as of July 31, 2002

Meter installations - (382) Town of Plymouth

NET BOOK	VALUE		9.758	12.619	16,236	20,318	35,212	46.182	59,790	63,197	64,151	67.242	69.370	68,676
DEPR	KESEKVE	•	,	281	558	919	1.376	2.163	3,202	4.105	4,587	6,115	7.732	8,426
DEPR	EAFENSE	•	,	281	277	361	457	787	1,039	903	482	1.528	1.617	694
DEPR	KAIE	2.98%	2.98%	2.88%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	1.08%
BALANCE END END	A PO	1	9,758	12,900	16,794	21,237	36,588	48,345	62,992	67,302	68,739	73,357	77,102	77,102
RETIREMENTS TO BLANT	I C L CUAT	,	,	•	,	•	,	•		,	P	,	•	
ACQUISITION BEENE IN	I I ZEIWIE CIWI													
ADDITIONS TA BI ANT		•	9,758	3,142	3,894	4,443	15,351	11,757	14,647	4,310	1,437	4,618	3,746	
BALANCE BEGINNING		1	,	9,758	12,900	16,794	21,237	36,588				68,739		77,102
YFAR		1991	1992	1993*	1994	1995	1996	1997	1998	1999 @ 8/31	1999 @12/31 **	2000	2001	2002

^{*} Depreciation Methodology changed to individual rates by class rather than one overall rate

2001 meter installation costs estimated using avg costs of 1998 installations of \$51.31 per meter 2002 meter installation costs estimated using avg costs of 1998 installations of \$51.31 per meter 2000 meter installation costs estimated using avg costs of 1998 installations of \$51.31 per meter 1999 meter installation costs estimated using avg cost of 1998 installations of \$51.31 per meter 84 installed 1/99-8/99 and 28 installed 9/99-12/99. Notes:

CWIP Additions 2002 2,463

Units

^{**} Depreciation Methodology changed to half year convention

Information Request: DTE 1-9

August 8, 2002

Witness: Jeffrey Niro (NSTAR Gas) /Joseph Carroll (KeySpan Energy Delivery New England)

Information Request: DTE 1-9

Request:

How and when will the Companies inform customers of the transfer? Please attach any prior written communications with customers regarding the transfer and the most recent draft of any future communication with customers regarding the transfer.

Response

The Companies have coordinated a timeline for informing Plymouth Customers of the transfer of service from KeySpan Energy Delivery New England to NSTAR Gas. Attachment DTE 1-9(a) outlines this timeline for proposed communications and also includes potential future meetings with various Plymouth officials. Attachments DTE 1-9(b) through DTE 1-9(d) are the current versions of letters that the Companies have drafted for the notification of customers, as referenced in Attachment DTE 1-9(a). Attachment DTE 1-9(e) is a draft of the customer service script that NSTAR Gas has created for responding to customer calls regarding the transfer of service.

Proposed Communication Plan for NSTAR/KeySpan in Plymouth August 7, 2002

Audience	Tool	Timing	Responsibility	Cost
Affected customers	Letter from	Sept. 3	Communications –	\$2,000
	KeySpan		KeySpan & NSTAR	
Affected customers	Welcome letter	Sept. 13	Communications -	\$2,000
	from NSTAR		KeySpan & NSTAR	
Affected customers	Follow-up	Sept. 20	Communications -	\$4,000
	welcome		KeySpan & NSTAR	
	postcard			
Fire Chief, Police	Meeting/Letter	Completed	Community	N/A
Chief, Town Mgr.,		- Update	Relations - NSTAR	
Board of Selectman		mid-		
		September		
Elected	Meeting/Letter	September	Corporate Affairs/	N/A
Officials/Legislature			Legislative	·
			Relations –	
			KeySpan & NSTAR	
Call Center	Call center	Sept. 3	Communications –	N/A
	scripting		KeySpan & NSTAR	
NSTAR employees	TODAY	All month	NSTAR	N/A
	stories	of Sept.	Communications	
Plymouth media	Knowledge of	Sept. 3	Media Relations –	N/A
	issues in case		KeySpan & NSTAR	
	of media calls			

DRAFT-DRAFT KeySpan letter

September 3, 2002

Attachment DTE 1-9(b)

Any Customer Any Street Plymouth, MA 00000

Dear Any Customer:

For the past 10 years, Colonial Gas Company and its successor, KeySpan Energy Delivery, have provided your natural gas service. We have appreciated your business.

Effective October 1, 2002, NSTAR Gas will begin providing your natural gas service. This change is a result of a prior contractual agreement whereby KeySpan Energy Delivery provided service until NSTAR Gas had the facilities available in the area to do so. With this change, NSTAR Gas will serve all of Plymouth.

All your customer information will be transferred to NSTAR Gas to ensure that the change in provider will be seamless for you. NSTAR will be mailing you a letter shortly to introduce their programs and services and also provide you with a customer service number.

In early October, you will receive a final bill for your service from KeySpan Energy Delivery for consumption through September 30, 2002. The next bill you receive will be your first bill from NSTAR. If you are currently paying your KeySpan Energy Delivery bill with Direct Pay, NSTAR will include information with their introductory letter about setting up a similar arrangement.

KeySpan Energy Delivery truly appreciates having had the opportunity to serve your home or business with reliable and efficient natural gas. If you have any questions regarding this change and your final billing information, please call us at 1-800-548-8000.

Sincerely,

Nickolas Stavropoulos President KeySpan Energy Delivery September 13, 2002

Any Customer 1 Main Street Plymouth, MA 00000

Dear Any Customer,

For years you have been served by NSTAR for your electric service, and now NSTAR Gas will begin providing your natural gas service, effective October 1, 2002. KeySpan Energy Delivery, your current gas utility, has been providing you with service under an agreement with NSTAR Gas, whereby NSTAR Gas would take over the service once NSTAR extended its gas lines to the area. With this system expansion, all of Plymouth will now be served by NSTAR Gas.

We want to assure you that there will be no interruption to your service. You do not need to take any action – the changeover will happen automatically. As a benefit, since you are already served by NSTAR Electric, in many cases you will be able to receive both your electric and gas bill in one envelope and pay with one check.

We have enclosed an informational brochure about some easy payment options we offer for your convenience. In addition, if you were on a budget plan with KeySpan Energy Delivery, someone from NSTAR Gas will contact you shortly about signing up for a budget plan with us.

Sometime in October, you will receive a final KeySpan Energy Delivery bill. In the beginning of November, you will receive your first bill from NSTAR Gas.

NSTAR Gas looks forward to serving you with reliable and efficient natural gas. If you have any questions regarding this changeover or any questions about your gas service, please call us at 1-800-572-9300.

Sincerely,

Samy Ibrahim Vice President of Gas Operations NSTAR Gas

Attachment DTE 1-9(d)

Dear Customer,

Welcome to NSTAR Gas. For years you have been served by NSTAR for your electric service, and effective October 1, 2002, NSTAR Gas began providing your natural gas service under an agreement with KeySpan Energy Delivery, your former gas utility.

NSTAR looks forward to serving you with reliable and efficient natural gas. If you have any questions regarding your gas service, please call us at 1-800-572-9300.

Sincerely,

Samy Ibrahim Vice President of Gas Operations NSTAR Gas

TALKING POINTS FOR NSTAR GAS CALL CENTER

Q. Why is my gas company changing?

A. Back in 1992, KeySpan Energy Delivery (then Colonial Gas) and NSTAR Gas agreed that KeySpan Energy Delivery would serve customers in parts of Southern Plymouth on an interim basis because KeySpan had gas lines in the area. NSTAR Gas has since brought gas lines to the area and begins serving these customers on October 1, 2002. NSTAR Gas will now be the exclusive provider of natural gas service in Plymouth

Q. Do I have to do anything?

A. No. The process is automatic. The gas will continue to flow and there will be no interruption of gas. Your customer account information has been transferred over from KeySpan Energy Delivery so your old account will be closed and your new account will be opened automatically.

Q. Do I have to switch?

A. Yes. For practical reasons, all customers in the area have to be switched over simultaneously. In Massachusetts, as throughout the rest of the country, states regulate and identify distribution companies by town. In this case, Massachusetts has designated Plymouth to be served by NSTAR Gas. Until now, there has been a temporary arrangement between the two companies for KeySpan Energy Delivery to serve customers until NSTAR Gas extended its gas lines in the area.

Q. Will my gas bill go up?

A. Prices are very similar between the two companies so as long as your use stays the same, there should be very little impact on your bill.

Q. I was on Direct Pay with KeySpan Energy Delivery – can I do the same with NSTAR Gas?

A. If you are interested in this convenient way to pay your bill, please re-apply for Direct Pay with NSTAR Gas. We apologize for this inconvenience, but the re-application process is necessary because it involves private banking information requiring routing numbers and your signature. I'd be happy to send you an application, or you can print one from our website.

Q. What about budget billing?

A. Our budget season starts now, so if you are interested in being placed on a budget, tell me what your average bill with KeySpan Energy Delivery was and I will set you up with that amount starting this month.

Q. Will my meter reading date and billing dates change?

A. Yes. Your meter will now be read closer to the beginning of the month to coincide with our meter reading schedule in the area.

Q. Can I get my NSTAR Gas bill and NSTAR Electric bill in one envelope?

A. Absolutely. As long as the names are identical on both the electric and gas accounts, you will receive both bills in one envelope and as long as you include both stubs showing the amount to be paid for each account in the return envelope, you can pay with one check. If the names are not the same, we'd be happy to change both accounts into your name so that you can get them together.

Q. I am on a service plan with KeySpan Home Energy Services – do I have to switch service plans?

A. No. However, if you are interested, NSTAR Gas also offers a service plan called the Home Heating Protection Plan.

Information Request: DTE 1-10

August 8, 2002

Witness: Dennis Carroll (KeySpan Energy Delivery New England)

Information Request: DTE 1-10

Request:

Provide the dollar amount associated with investments in the geographic areas affected by the transfer that were included in the rate base in Colonial Gas Company's last rate case. Please provide supporting documentation.

Response

The net book value of Plymouth assets being transferred by Colonial Gas Company to NSTAR Gas Company as of December 31, 1992 is \$557,563. This amount would have been included in the 1992 test year (the date of the last rate case). Please see Attachment DTE 1-10.

Keyspan Energy Delivery

NET BOOK VALUE CALCULATION as of last rate case

YEAR	Town of Plymouth	BALANCE END OF YEAR	DEPR <u>RATE</u>	DEPR EXPENSE	DEPR RESERVE	NET BOOK VALUE
1992	Mains - (367)	\$462,669	2.98%	\$6,603	\$6,603	\$456,066
1992	Sevices - (380)	79,241	2.98%	-	-	79,241
1992	Meters - (381)	12,498	2.98%	· -	-	12,498
1992	Meter Installations - (382)	<u>9,758</u>	2.98%			9,758
	TOTAL	\$ <u>564,166</u>		\$ <u>6,603</u>	\$ <u>6,603</u>	\$557,563

Information Request: DTE 1-11

August 8, 2002

Witness: Jeffrey Niro (NSTAR Gas)/Joseph Carroll (KeySpan Energy Delivery New England)

Information Request: DTE 1-11

Request:

Please provide all schedules referred to in Attachment A, B, and C of the Joint Petition.

Response

These schedules have not yet been developed, but will later be assembled and appended to the Agreement.